

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

|   |                            |  |                  |
|---|----------------------------|--|------------------|
| Local Government Type<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                            | Local Government Name<br>IDA TOWNSHIP                    | County<br>MONROE |
| Audit Date<br>06/30/2004  | Opinion Date<br>07/20/2004 | Date Accountant Report Submitted to State:<br>11/04/2004 |                  |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

|   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | XX       |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | XX           |
| Single Audit Reports (ASLGU).   |          |                 | XX           |

Certified Public Accountant (Firm Name)

COOLEY HEHL WOHLGAMUTH & CARLTON, CPAS. PLLC

Street Address

ONE SOUTH MONROE STREET

City

MONROE

State

MI

ZIP

48161

Accountant Signature

Cooley Hehl Wohlgamuth & Carlton

Date

11/04/2004

IDA TOWNSHIP  
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2004

# IDA TOWNSHIP

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## IDA TOWNSHIP

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### Independent Auditor's Report

Township Board  
Ida Township  
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ida Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ida Township, Monroe County, Michigan as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 32 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Township Board  
Ida Township

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ida Township, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Cooley Ahl Wohlgamuth & Carlton*

July 20, 2004

IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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This section of Ida Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended June 30, 2004. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

The Governmental Accounting Standards Board (GASB) adopted this reporting model in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. GASB Statement No. 34 permits the omission of comparative information in the first year of adoption of the new reporting model and, considering the financial resources necessary to prepare the comparative information for the prior year, the Township has elected to exclude the information in this report. Subsequent reports will include comparative information.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ida Township financially as a whole. The ***Government-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds - the General Fund, the Ida Library Branch Fund, the Water District #1 Debt Fund, and the Water District #1 Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)*  
*(Required Supplemental Information)*

### **Basic Financial Statements**

*Government-Wide Financial Statements*      *Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Budgetary Information for Major Funds*  
*(Required Supplemental Information)*

*Other Supplemental Information*

### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities (pages 10-11), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The Statement of Net Assets and Statement of Activities report the governmental activities for the Township, which encompass all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, and capital contributions finance most of these activities.

### **Fund Financial Statements**

The Township's Fund Financial Statements (pages 12-18) provide detailed information about the most significant or "major" funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

**Governmental funds** - All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 14 and 17.

**Fiduciary funds** - An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of property taxes.



IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of June 30, 2004:

**Table 1:**

**Condensed Statement of Net Assets**  
**June 30, 2004**  
(Reported in thousands)

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| Current and other assets                             | \$5,831                            |
| Capital assets                                       | <u>1,685</u>                       |
| <b>Total Assets</b>                                  | 7,516                              |
| <br>   |                                    |
| Current and other liabilities                        | 2,227                              |
| Long-term liabilities                                | <u>3,105</u>                       |
| <b>Total Liabilities</b>                             | <u>5,332</u>                       |
| <br>   |                                    |
| Net Assets   |                                    |
| Invested in capital assets, net of related debt      | 389                                |
| Restricted for debt service                          | 138                                |
| Restricted for capital projects, net of related debt | 196                                |
| Unrestricted   | <u>1,461</u>                       |
| <b>Total Net Assets</b>                              | <u>\$2,184</u>                     |

As depicted in Table 1, the Township's net assets were \$2.2 million at June 30, 2004. Of this amount, a positive \$1,461,134 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended June 30, 2004.

IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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**Government-Wide Financial Analysis - Concluded**

**Table 2:**

**Changes in Net Assets  
Year Ended June 30, 2004  
(Reported in thousands)**

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>Revenues</b>                          |                                    |
| Program revenues                         |                                    |
| Charges for services                     | \$ 278                             |
| State and local revenue                  | 25                                 |
| Capital contributions                    | 584                                |
| General revenues                         |                                    |
| Property taxes                           | 253                                |
| State grants                             | 340                                |
| Other general revenues                   | <u>73</u>                          |
| Total Revenues                           | 1,553                              |
| <b>Functions/Program Expenses</b>        |                                    |
| General government                       | 265                                |
| Public safety                            | 208                                |
| Public works                             | 111                                |
| Culture and recreation                   | 44                                 |
| Interest on long-term debt               | <u>69</u>                          |
| Total Expenses                           | <u>697</u>                         |
| <b>Increase (Decrease) in Net Assets</b> | <u>\$ 856</u>                      |

As indicated in Table 2, the cost of *all governmental* activities this year was \$697,157 thousand. Of this amount, \$887,720 was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township experienced an increase in net assets of \$856,006. Key reasons for this increase are the addition of capital outlay and the repayment of bond principal. The increase in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 17.

IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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**Fund Financial Analysis**

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Ida Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$3.6 million, which is an increase of \$1.9 million from last year. The changes by major and nonmajor funds are as follows:

|  | <u>General<br/>Fund</u> | <u>Ida<br/>Branch<br/>Library<br/>Fund</u> | <u>Water<br/>District #1<br/>Debt<br/>Fund</u> | <u>Water<br/>District #1<br/>Construction<br/>Fund</u> | <u>Nonmajor<br/>Funds</u> | <u>Total</u>       |
|--|-------------------------|--|--|--|---------------------------|--------------------|
| <b>Fund balances -<br/>Beginning of year</b> | \$ 863,879              | \$424,543                                  | \$ -   | \$ -   | \$449,618                 | \$1,738,040        |
| Increase (decrease)                          | <u>(195,163)</u>        | <u>(370,958)</u>                           | <u>137,874</u>                                 | <u>2,351,408</u>                                       | <u>(36,355)</u>           | <u>1,886,806</u>   |
| <b>Fund balances -<br/>End of year</b>       | <u>\$668,716</u>        | <u>\$137,874</u>                           | <u>\$137,874</u>                               | <u>\$2,351,408</u>                                     | <u>\$413,263</u>          | <u>\$3,624,846</u> |

The Township's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

| <b>Revenues</b>                        | <u>June 30, 2004</u> | <u>June 30, 2003</u> | <u>Percent<br/>Change</u> |
|--|----------------------|----------------------|---------------------------|
| Property taxes and special assessments | \$129,790            | \$125,834            | 3.14 %                    |
| Licenses and permits                   | 11,967               | 20,602               | (41.91)%                  |
| State grants                           | 340,401              | 370,053              | (8.01)%                   |
| Charges for services                   | 21,950               | 20,039               | 9.54 %                    |
| Interest                               | 3,295                | 12,103               | (72.78)%                  |
| Other                                  | 39,439               | 4,169                | 846.00 %                  |
| Operating transfers in                 | <u>99</u>            | <u>209</u>           | <u>(52.63)%</u>           |
|  | <u>\$546,941</u>     | <u>\$553,009</u>     | (1.10)%                   |



IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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**Fund Financial Analysis – Concluded**

| <b>Expenditures</b>     | <b>June 30, 2004</b> | <b>June 30, 2003</b> | <b>Percent Change</b> |
|-------------------------|----------------------|----------------------|-----------------------|
| Legislative             | \$ 8,621             | \$ 6,947             | 24.10%                |
| General government      | 203,347              | 225,108              | (9.67)%               |
| Public safety           | 18,270               | 14,277               | 27.97%                |
| Public works            | 78,299               | 314,906              | (75.14)%              |
| Culture and recreation  | 40,303               | 3,117                | 1,193.01%             |
| Other                   | 393,264              | 140,044              | 180.81%               |
| Operating transfers out | -                    | 26,000               | (100.00)%             |
|                         | <u>\$742,104</u>     | <u>\$730,399</u>     | 1.60%                 |

**General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Township Board to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

**Revenues** - Although no revisions were made to the revenue budget of \$444,460, several factors impact the planning of it. Ida is a small agricultural based township with little industrial or commercial tax base. At June 30, 2004, state-shared revenue accounted for approximately 62 percent of the total yearly revenue received and property tax revenue accounting for approximately 21 percent. Projected reductions in state-shared revenues, the drop in interest rates, along with a modest increase in taxable value, cause the Board to have a very conservative outlook.

**Expenditures** - The original budget of \$1,025,300 had adjustments made within it during the year, specifically drawing from Road and increasing our Capital Outlay expenditure. The Township Board scrimped and saved for years in order to fund two huge (to us) capital outlay projects: building a new municipal building and renovating the fire hall. We also had the expense of paying for the engineering for our new special assessment water district until the bonds were sold and we were reimbursed.

IDA TOWNSHIP - MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004

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**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2004, the Township had 2.2 million invested in a broad range of capital assets, including land, land improvements, building and improvements, machinery and equipment, vehicles, and a water line. This amount represents a net increase (including additions and disposals) of approximately \$944,714 from last year. This year's additions of approximately \$944,714 included the construction of a new municipal building that houses a library with new shelving and equipment; a community room with kitchen facilities and tables/chairs that accommodates small gatherings of 80 people; and the township offices with a new computer system, telephone system and modular office furniture. Renovations to the existing fire hall of approximately \$240,000 also took place. No new debt was issued for these additions. Depreciation for this year totaled \$54,105. Detailed information regarding capital assets is included in Note 9 to the Financial Statements.

**Debt**

At June 30, 2004, the Township had \$3.1 million in contract liability and loans payable. The \$3.1 million of debt includes a newly issued \$2.155 million water supply system bond. The \$2.155 million bond was issued on June 23, 2004, for the construction of a new water district. The bond will be paid through collections of a special assessment from owners of the benefited property.

**Development of the 2004-05 Fiscal Year Budget**

Our elected officials consider many factors when setting the Township's 2004-05 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to important factors affecting the budget, like decreased revenue sharing from the State since it accounts for 61 percent of our revenues. The Township has also issued, for the first time, an administrative fee on property tax bills to offset decreased revenues. We will continue to watch our budget closely as we annually try to pave one mile of road each year using monies received from property taxes, plus look to the future to develop plans for building an auxiliary fire station on the southwest side of Ida on land the Township bought two years ago. With careful savings and perhaps an increased fire millage, there will be no debt for this endeavor. Ida's Civic Club is also leading a cause for a new playground that will be partially funded by donations from fundraisers and from money sought from grants. The General Fund has set aside \$20,000 for this special use.

**Contacting Ida Township's Business Office**

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have questions about this report or need additional information, contact the Ida Township Clerk, 3016 Lewis Avenue, P.O. Box 239, Ida, MI 48140.

## BASIC FINANCIAL STATEMENTS



## GOVERNMENT - WIDE FINANCIAL STATEMENTS

**IDA TOWNSHIP***Statement of Net Assets  
June 30, 2004*

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>                                   |                            |
| Cash and cash equivalents                       | \$1,237,629                |
| Cash with fiscal agent                          | 2,179,427                  |
| Receivables:                                    |                            |
| Accounts and accrued interest                   | 51,731                     |
| Special assessment                              | 2,148,571                  |
| Sewer tap                                       | 64,098                     |
| Due from other governmental units               | 125,428                    |
| Prepaid expenses                                | 23,856                     |
| Depreciable capital assets, net                 | 1,685,372                  |
| Total Assets                                    | 7,516,112                  |
| <b>Liabilities</b>                              |                            |
| Accounts payable                                | 89,417                     |
| Accrued interest payable                        | 20,950                     |
| Deferred revenue                                | 2,084,320                  |
| Customer deposits                               | 630                        |
| Performance bonds                               | 31,527                     |
| Long-term liabilities:                          |                            |
| Due within one year                             | 238,866                    |
| Due in more than one year                       | 2,866,529                  |
| Total Liabilities                               | 5,332,239                  |
| <b>Net Assets</b>                               |                            |
| Invested in capital assets, net of related debt | 388,457                    |
| Restricted for debt service                     | 137,874                    |
| Restricted for capital projects                 | 196,408                    |
| Unrestricted                                    | 1,461,134                  |
| Total Net Assets                                | \$2,183,873                |

See accompanying notes to the basic financial statements.

# IDA TOWNSHIP

## *Statement of Activities* *Year Ended June 30, 2004*

|                                  |                  | Program Revenues        |  |  | Net (Expense)              |
|----------------------------------|------------------|-------------------------|--|--|----------------------------|
|                                  |                  |                         |  |  | Revenue and                |
| Functions/Programs               | Expenses         | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Changes in<br>Net Assets   |
|                                  |                  |                         |  |  |                            |
|                                  |                  |                         |  |  | Governmental<br>Activities |
| Governmental Activities:         |                  |                         |  |  |                            |
| General government               | \$264,693        | \$2,290                 | \$0                                      | \$0                                    | (\$262,403)                |
| Public safety                    | 207,648          | 71,354                  | 2,273                                    | 0                                      | (134,021)                  |
| Public works                     | 111,513          | 201,471                 | 0  | 584,169                                | 674,127                    |
| Culture and recreation           | 44,560           | 3,060                   | 23,103                                   | 0                                      | (18,397)                   |
| Interest on long-term debt       | 68,743           | 0                       | 0  | 0                                      | (68,743)                   |
| Total Governmental Activities    | <u>\$697,157</u> | <u>\$278,175</u>        | <u>\$25,376</u>                          | <u>\$584,169</u>                       | 190,563                    |
|                                  |                  |                         |  |  |                            |
| General Revenues:                |                  |                         |  |  |                            |
| Property taxes                   |                  |                         |  |  | 252,616                    |
| State grants                     |                  |                         |  |  | 340,401                    |
| Interest and investment earnings |                  |                         |  |  | 28,202                     |
| Other                            |                  |                         |  |  | <u>44,224</u>              |
| Total General Revenues           |                  |                         |  |  | <u>665,443</u>             |
|                                  |                  |                         |  |  |                            |
| Change in Net Assets             |                  |                         |  |  | 856,006                    |
| Net Assets - Beginning of year   |                  |                         |  |  | <u>1,327,867</u>           |
| Net Assets - End of year         |                  |                         |  |  | <u>\$2,183,873</u>         |

See accompanying notes to the basic financial statements.



## FUND FINANCIAL STATEMENTS

**IDA TOWNSHIP***Governmental Funds  
Balance Sheet  
June 30, 2004*

|                                      | General          | Ida Branch<br>Library Fund | Water District #1<br>Debt Fund |
|--------------------------------------|------------------|----------------------------|--------------------------------|
| <b>Assets</b>                        |                  |                            |                                |
| Cash and cash equivalents            | \$381,818        | \$48,316                   | \$475,788                      |
| Cash with fiscal agent               | 0                | 0                          | 10,751                         |
| Receivables:                         |                  |                            |                                |
| Accounts and accrued interest        | 42               | 0                          | 0                              |
| Special assessment                   | 0                | 0                          | 2,148,571                      |
| Sewer tap                            | 0                | 0                          | 0                              |
| Due from other funds                 | 219,774          | 5,269                      | 0                              |
| Due from other governmental units    | 125,428          | 0                          | 0                              |
| Prepaid expenses                     | 20,811           | 0                          | 0                              |
|                                      |                  |                            |                                |
| Total Assets                         | <u>\$747,873</u> | <u>\$53,585</u>            | <u>\$2,635,110</u>             |
| <b>Liabilities and Fund Balances</b> |                  |                            |                                |
| <b>Liabilities</b>                   |                  |                            |                                |
| Accounts payable                     | \$41,731         | \$0                        | \$0                            |
| Due to other funds                   | 5,269            | 0                          | 462,124                        |
| Deferred revenue                     | 0                | 0                          | 2,035,112                      |
| Customer deposits                    | 630              | 0                          | 0                              |
| Performance bonds                    | 31,527           | 0                          | 0                              |
|                                      |                  |                            |                                |
| Total Liabilities                    | <u>79,157</u>    | <u>0</u>                   | <u>2,497,236</u>               |
| <b>Fund Balances</b>                 |                  |                            |                                |
| Reserved for prepaid expenditures    | 20,811           | 0                          | 0                              |
| Reserved for streetlights            | 10,326           | 0                          | 0                              |
| Reserved for sludge removal          | 0                | 0                          | 0                              |
| Reserved for debt service            | 0                | 0                          | 137,874                        |
| Reserved for capital projects        | 0                | 0                          | 0                              |
| Unreserved - undesignated            | 637,579          | 53,585                     | 0                              |
|                                      |                  |                            |                                |
| Total Fund Balances                  | <u>668,716</u>   | <u>53,585</u>              | <u>137,874</u>                 |
|                                      |                  |                            |                                |
| Total Liabilities and Fund Balances  | <u>\$747,873</u> | <u>\$53,585</u>            | <u>\$2,635,110</u>             |

See accompanying notes to the basic financial statements.

| Water District #1<br>Construction<br>Fund | Other<br>Nonmajor<br>Governmental<br>Funds | Totals             |
|---|--|--------------------|
| \$0                                       | \$331,707                                  | \$1,237,629        |
| 2,155,913                                 | 12,763                                     | 2,179,427          |
| 0   | 51,689                                     | 51,731             |
| 0   | 0  | 2,148,571          |
| 0   | 64,098                                     | 64,098             |
| 462,124                                   | 0  | 687,167            |
| 0   | 0  | 125,428            |
| 0   | 3,045                                      | 23,856             |
| <u>\$2,618,037</u>                        | <u>\$463,302</u>                           | <u>\$6,517,907</u> |
| \$47,686                                  | \$0  | \$89,417           |
| 218,943                                   | 831  | 687,167            |
| 0   | 49,208                                     | 2,084,320          |
| 0   | 0  | 630                |
| 0   | 0  | 31,527             |
| 266,629                                   | 50,039                                     | 2,893,061          |
| 0   | 0  | 20,811             |
| 0   | 0  | 10,326             |
| 0   | 8,616                                      | 8,616              |
| 0   | 0  | 137,874            |
| 2,351,408                                 | 0  | 2,351,408          |
| 0   | 404,647                                    | 1,095,811          |
| <u>2,351,408</u>                          | <u>413,263</u>                             | <u>3,624,846</u>   |
| <u>\$2,618,037</u>                        | <u>\$463,302</u>                           | <u>\$6,517,907</u> |

## IDA TOWNSHIP

### *Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2004*

---

|   |                    |
|---|--------------------|
| <b>Total Fund Balances - Governmental Funds</b> | <b>\$3,624,846</b> |
|---|--------------------|

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

|                                    |           |
|------------------------------------|-----------|
| The cost of the capital assets is: | 2,296,707 |
|------------------------------------|-----------|

|                              |                  |
|------------------------------|------------------|
| Accumulated depreciation is: | <u>(611,335)</u> |
|------------------------------|------------------|

|       |           |
|-------|-----------|
| Total | 1,685,372 |
|-------|-----------|

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

|                    |             |
|--------------------|-------------|
| Contract liability | (2,725,810) |
|--------------------|-------------|

|              |           |
|--------------|-----------|
| Loan payable | (379,585) |
|--------------|-----------|

|                  |                 |
|------------------|-----------------|
| Accrued interest | <u>(20,950)</u> |
|------------------|-----------------|

|       |                    |
|-------|--------------------|
| Total | <u>(3,126,345)</u> |
|-------|--------------------|

|   |                           |
|---|---------------------------|
| <b>Total Net Assets - Governmental Activities</b> | <b><u>\$2,183,873</u></b> |
|---|---------------------------|

See accompanying notes to the basic financial statements.

**IDA TOWNSHIP**

*Governmental Funds*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Year Ended June 30, 2004*

|   | General     | Ida Branch<br>Library Fund | Water District #1<br>Debt Fund |
|---|-------------|----------------------------|--------------------------------|
| <b>Revenues</b>                                     |             |                            |                                |
| Property taxes and special assessments              | \$129,790   | \$68,321                   | \$584,169                      |
| Licenses and permits                                | 11,967      | 0                          | 0                              |
| State grants  | 340,401     | 0                          | 0                              |
| Charges for services                                | 21,950      | 0                          | 0                              |
| Interest  | 3,295       | 1,681                      | 12,338                         |
| Other revenue                                       | 39,439      | 23,103                     | 3,500                          |
|   | <hr/>       | <hr/>                      | <hr/>                          |
| Total Revenues                                      | 546,842     | 93,105                     | 600,007                        |
| <b>Expenditures</b>                                 |             |                            |                                |
| Legislative   | 8,621       | 0                          | 0                              |
| General government                                  | 203,347     | 0                          | 0                              |
| Public safety                                       | 18,270      | 0                          | 0                              |
| Public works  | 78,299      | 0                          | 0                              |
| Culture and recreation                              | 40,303      | 0                          | 0                              |
| Other   | 393,264     | 0                          | 0                              |
| Capital outlay                                      | 0           | 324,689                    | 0                              |
| Debt service  | 0           | 139,374                    | 9                              |
|   | <hr/>       | <hr/>                      | <hr/>                          |
| Total Expenditures                                  | 742,104     | 464,063                    | 9                              |
| Excess (Deficiency) of Revenue<br>Over Expenditures | (195,262)   | (370,958)                  | 599,998                        |
| <b>Other Financing Sources (Uses)</b>               |             |                            |                                |
| Proceeds from sale of bonds                         | 0           | 0                          | 0                              |
| Operating transfers in                              | 99          | 0                          | 0                              |
| Operating transfers out                             | 0           | 0                          | (462,124)                      |
|   | <hr/>       | <hr/>                      | <hr/>                          |
| Total Other Financing Sources (Uses)                | 99          | 0                          | (462,124)                      |
| <b>Net Change in Fund Balances</b>                  | (195,163)   | (370,958)                  | 137,874                        |
| Fund Balances - Beginning of year                   | 863,879     | 424,543                    | 0                              |
|   | <hr/>       | <hr/>                      | <hr/>                          |
| Fund Balances - End of year                         | \$668,716   | \$53,585                   | \$137,874                      |
|   | <hr/> <hr/> | <hr/> <hr/>                | <hr/> <hr/>                    |

| Water District #1<br>Construction<br>Fund | Other<br>Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--|--------------------------------|
| \$0                                       | \$68,321                                   | \$850,601                      |
| 0   | 42,787                                     | 54,754                         |
| 0   | 2,273                                      | 342,674                        |
| 0   | 187,655                                    | 209,605                        |
| 43  | 10,845                                     | 28,202                         |
| 1,285                                     | 0  | 67,327                         |
| 1,328                                     | 311,881                                    | 1,553,163                      |
| 0   | 0  | 8,621                          |
| 0   | 0  | 203,347                        |
| 0   | 151,972                                    | 170,242                        |
| 0   | 33,214                                     | 111,513                        |
| 0   | 0  | 40,303                         |
| 0   | 0  | 393,264                        |
| 267,044                                   | 0  | 591,733                        |
| 0   | 162,951                                    | 302,334                        |
| 267,044                                   | 348,137                                    | 1,821,357                      |
| (265,716)                                 | (36,256)                                   | (268,194)                      |
| 2,155,000                                 | 0  | 2,155,000                      |
| 462,124                                   | 0  | 462,223                        |
| 0   | (99)                                       | (462,223)                      |
| 2,617,124                                 | (99)                                       | 2,155,000                      |
| 2,351,408                                 | (36,355)                                   | 1,886,806                      |
| 0   | 449,618                                    | 1,738,040                      |
| \$2,351,408                               | \$413,263                                  | \$3,624,846                    |



## IDA TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2004*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,886,806

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures;  
in the statement of activities, these costs are allocated over their  
estimated useful lives as depreciation expense.

|                      |                |
|----------------------|----------------|
| Depreciation expense | (54,105)       |
| Capital outlay       | <u>944,714</u> |
| Total                | 890,609        |

Accrued interest is recorded in the statement of activities when incurred;  
it is not reported in governmental funds until paid. (16,064)

Repayments of bond principal is an expenditure in the governmental funds,  
but not in the statement of activities (where it reduces long-term debt). 249,655

Long-term debt issuance is reported as an other financing source in the  
governmental funds. Long-term debt is not a revenue in the  
statement of activities. (2,155,000)

**Change in Net Assets of Governmental Activities** \$856,006

See accompanying notes to the basic financial statements.

**IDA TOWNSHIP**

*Agency Fund*  
*Statement of Fiduciary Net Assets*  
*June 30, 2004*

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Tax Collection  
Agency Fund

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**Assets**

Cash

\$6,743

**Liabilities and net assets**

Due to other governmental units

\$6,743

See accompanying notes to the basic financial statements.

## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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Note 1      Description of the Township and Reporting Entity

The Township operates under a locally elected five member Board form of government.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes general operations, library, fire, debt, and construction of the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Note 2      Summary of Significant Accounting Policies

The financial statements of Ida Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Township also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. All of the Township's government-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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#### Note 2      Summary of Significant Accounting Policies (Continued) Basis of Presentation (Continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Ida Branch Library accounts for moneys collected for the building and improvements of the Ida Branch Library.

The Water District #1 Debt Fund accounts for the collection of special assessments used to pay the cost of a \$2,155,000 bond issue.

The Water District #1 Construction Fund accounts for moneys for the financing of construction of the water line extension.

## IDA TOWNSHIP

### *Notes to Financial Statements Year Ended June 30, 2004*

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#### Note 2      Summary of Significant Accounting Policies (Continued)

##### Basis of Presentation (Continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Township reports the following nonmajor governmental funds:

The Liquor Law Fund, Sewer Receiving Fund, Improvement Revolving Fund, Building Department Fund, Budget Stabilization Fund, and Fire Millage Fund are the Township's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

##### C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent March 1 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars. The Township does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>                   | <u>Estimated Lives</u> |
|--------------------------------------|------------------------|
| Land Improvement                     | 20 years               |
| Buildings and Buildings Improvements | 50 years               |
| Machinery and Equipment              | 5-20 years             |
| Vehicles                             | 8 years                |
| Water Mains                          | 50 years               |

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

## IDA TOWNSHIP

### *Notes to Financial Statements Year Ended June 30, 2004*

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#### Note 2      Summary of Significant Accounting Policies (Continued)

##### Basis of Presentation (Continued)

##### C. Assets, Liabilities, and Net Assets or Equity (Continued)

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2004.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board.



## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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Note 2      Summary of Significant Accounting Policies (Concluded)  
Basis of Presentation (Concluded)  
F. Budgetary Policies (Concluded)

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Treasurer submits to the Township Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3      Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles

For fiscal year 2004, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*; GASB No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, GASB No. 37, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. At July 1, 2003, there was no effect on fund balance as a result of implementing GASB Statements 36, 37, and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Township's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003, caused by the conversion to the accrual basis of accounting.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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Note 3      Changes in Accounting Principles and Restatement of Fund Balance (Concluded)

Restatement of Fund Balance

The restatements for GASB Statement No. 34 had the following effects on the transition from governmental fund balance to net assets of the governmental activities.

|   |                                     |
|---|-------------------------------------|
|   | Total<br>Governmental<br>Activities |
| Fund Balance June 30, 2003                          | \$ 1,738,040                        |
| GASB 34 Adjustments:                                |                                     |
| Capital Assets, net of depreciation                 | 794,763                             |
| Accrued Interest Payable                            | (4,886)                             |
| Long-Term Liabilities                               | <u>(1,200,050)</u>                  |
| Governmental Activities Net Assets at June 30, 2003 | <u>\$ 1,327,867</u>                 |

Note 4      Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2004, expenditures exceeded final budgeted amounts in the following funds:

|                         |                     |                                |                 |
|-------------------------|---------------------|--------------------------------|-----------------|
|                         | <u>Final Budget</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u> |
| Improvement Revolving   | \$ -                | \$ 47,190                      | \$ (47,190)     |
| Ida Branch Library Fund | 154,000             | 464,063                        | (310,063)       |

Note 5      Property Tax

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Ida Public Schools, Summerfield Schools, Monroe County Intermediate School District and Monroe County Community College. Tax collections are accounted for in the Tax Collection Agency Fund. For 2003, the Township tax levy was spread as follows:

|                 |               |
|-----------------|---------------|
| General Fund    | 0.8487        |
| Fire Department | 0.5000        |
| Library Fund    | <u>0.5000</u> |
|                 | <u>1.8487</u> |

The Township's 2003 property taxes, levied on December 1, 2003 on assessed valuation as of December 31, 2002, were due and payable by February 14, 2004. Taxable values, which amounted to \$136,662,096 are based on a percentage of the fair market value of the assessed property. Property tax revenue is recorded when the taxes are levied.

**IDA TOWNSHIP**

*Notes to Financial Statements  
Year Ended June 30, 2004*

Note 6

Long-Term Debt

The following is a summary of long-term debt outstanding as of June 30, 2004:

|                               | <u>Interest<br/>Rate</u> | <u>Date of<br/>Issue</u> | <u>Original<br/>Maturity<br/>Dates</u> | <u>Amount of<br/>Issue</u> | <u>Balance<br/>Outstanding</u> |
|-------------------------------|--------------------------|--------------------------|--|----------------------------|--------------------------------|
| Contract liability for:       |                          |                          |  |                            |                                |
| Sewage Disposal               |                          |                          |  |                            |                                |
| Refunding Bonds               | 3.000%-                  |                          |  |                            |                                |
| (Ida/Raisinville #1)          | 5.400%                   | 12/1/93                  | 11/1/94-07                             | \$1,625,320                | \$ 570,810                     |
| Water Supply System Bonds     |                          |                          |  |                            |                                |
| (Township of Ida System No.1) | 2.000%-                  |                          |  |                            |                                |
| Series 2004                   | 4.875%                   | 6/23/04                  | 5/1/04-23                              | 2,155,000                  | 2,155,000                      |
| Loan Payable for:             |                          |                          |  |                            |                                |
| Library and Township          |                          |                          |  |                            |                                |
| Hall                          | 3.750%                   | 06/17/03                 | 06/17/03-08                            | 500,000                    | <u>379,585</u>                 |
|                               |                          |                          |  |                            | <u>\$3,105,395</u>             |

Changes in bond principal during the 2003-04 fiscal period are summarized as follows:

|                                | <u>Balance<br/>June 30, 2003</u> | <u>Additions</u>   | <u>Reductions</u> | <u>Balance<br/>June 30, 2004</u> | <u>Due In<br/>One Year</u> |
|--------------------------------|----------------------------------|--------------------|-------------------|----------------------------------|----------------------------|
| Sewage Disposal                |                                  |                    |                   |                                  |                            |
| Refunding Bonds                |                                  |                    |                   |                                  |                            |
| (Ida/Raisinville #1)           | \$ 700,050                       | \$ -               | \$129,240         | \$ 570,810                       | \$136,420                  |
| Limited Tax Water              |                                  |                    |                   |                                  |                            |
| Supply System Bonds            |                                  |                    |                   |                                  |                            |
| (Township of Ida System No. 1) |                                  |                    |                   |                                  |                            |
| Series 2004                    | -                                | 2,155,000          | -                 | 2,155,000                        | 5,000                      |
| Library and Township           |                                  |                    |                   |                                  |                            |
| Hall - Loan Payable            | <u>500,000</u>                   | <u>-</u>           | <u>120,415</u>    | <u>379,585</u>                   | <u>97,446</u>              |
|                                | <u>\$1,200,050</u>               | <u>\$2,155,000</u> | <u>\$249,655</u>  | <u>\$3,105,395</u>               | <u>\$238,866</u>           |

# IDA TOWNSHIP

## Notes to Financial Statements Year Ended June 30, 2004

### Note 6      Long-Term Debt (Continued)

The following are the repayment schedules of the June 30, 2004 balances:

Contract liability for Sewage Disposal Refunding Bonds (Ida/Raisinville Townships System #1) - original issue of \$2,270,000, with the Township's share equaling \$1,625,320. The bonds were issued December 1, 1993 by the County of Monroe to advance refund the Limited Tax Sewage Disposal Bonds. Ida Township is financing their portion of these costs through a special assessment levied against the benefitting property owners and a monthly user debt service charge:

| Fiscal<br>Year         | Interest Due    |                 | Principal Due    | Totals           |
|------------------------|-----------------|-----------------|------------------|------------------|
|                        | November 1      | May 1           | November 1       |                  |
| 2005                   | \$20,885        | \$16,040        | \$190,000        | \$226,925        |
| 2006                   | 16,040          | 11,100          | 190,000          | 217,140          |
| 2007                   | 11,100          | 5,535           | 210,000          | 226,635          |
| 2008                   | 5,535           | 0               | 205,000          | 210,535          |
|                        | <u>\$53,560</u> | <u>\$32,675</u> | <u>\$795,000</u> | <u>\$881,235</u> |
|                        | \$86,235        |                 | \$795,000        | \$881,235        |
|                        | <u>x .7180</u>  |                 | <u>x .7180</u>   | <u>x .7180</u>   |
| Ida Township's Portion | <u>\$61,917</u> |                 | <u>\$570,810</u> | <u>\$632,727</u> |

Allocation of debt service is based on the total number of residence equivalency units (REUs) for each township, and is recomputed on an annual basis. As of June 30, 2004, Ida Township's allocation is 71.80%.

Contract Liability for General Obligation Water Supply System Bonds - Contract Liability with Monroe County - Water Supply System Bonds (Township of Ida System No. 1), Series 2004 (Limited Tax General Obligation). The bonds were issued June 01, 2004, by the County of Monroe to pay for the construction of water supply improvements in special assessment district number one. These bonds are a general obligation of the Township and are being financed through a special assessment levied against homeowners benefitting from the construction.

# IDA TOWNSHIP

## *Notes to Financial Statements* *Year Ended June 30, 2004*

### Note 6      Long-Term Debt (Continued)

| <u>Fiscal<br/>Year</u> | <u>Interest Due</u> |                   | <u>Principal Due</u> | <u>Totals</u>      |
|------------------------|---------------------|-------------------|----------------------|--------------------|
|                        | <u>May 1</u>        | <u>November 1</u> | <u>May 1</u>         |                    |
| 2005                   | \$84,471            | \$46,025          | \$5,000              | \$135,496          |
| 2006                   | 46,025              | 44,100            | 110,000              | 200,125            |
| 2007                   | 44,100              | 42,000            | 120,000              | 206,100            |
| 2008                   | 42,000              | 39,750            | 120,000              | 201,750            |
| 2009                   | 39,750              | 37,500            | 120,000              | 197,250            |
| 2010                   | 37,500              | 35,100            | 120,000              | 192,600            |
| 2011                   | 35,100              | 32,700            | 120,000              | 187,800            |
| 2012                   | 32,700              | 30,300            | 120,000              | 183,000            |
| 2013                   | 30,300              | 27,750            | 120,000              | 178,050            |
| 2014                   | 27,750              | 25,200            | 120,000              | 172,950            |
| 2015                   | 25,200              | 22,650            | 120,000              | 167,850            |
| 2016                   | 22,650              | 19,950            | 120,000              | 162,600            |
| 2017                   | 19,950              | 17,250            | 120,000              | 157,200            |
| 2018                   | 17,250              | 14,400            | 120,000              | 151,650            |
| 2019                   | 14,400              | 11,550            | 120,000              | 145,950            |
| 2020                   | 11,550              | 8,700             | 120,000              | 140,250            |
| 2021                   | 8,700               | 5,850             | 120,000              | 134,550            |
| 2022                   | 5,850               | 2,925             | 120,000              | 128,775            |
| 2023                   | 2,925               | 0                 | 120,000              | 122,925            |
|                        | <u>\$548,171</u>    | <u>\$463,700</u>  | <u>\$2,155,000</u>   | <u>\$3,166,871</u> |

Loan payable for Library and Township Hall - on June 17, 2003, the Township entered into a purchase agreement with Monroe Bank & Trust. The purchase agreement is to provide/build a library and Township hall for a total aggregate purchase price of \$500,000. The Township is financing these costs through a tax millage.

| <u>Due Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u>    |
|-----------------|------------------|-----------------|------------------|
| 06/15/05        | \$ 97,446        | \$14,235        | \$111,681        |
| 06/15/06        | 101,101          | 10,580          | 111,681          |
| 06/15/07        | 104,892          | 6,789           | 111,681          |
| 06/15/08        | <u>76,146</u>    | <u>2,855</u>    | <u>79,001</u>    |
|                 | <u>\$379,585</u> | <u>\$34,459</u> | <u>\$414,044</u> |

# IDA TOWNSHIP

## *Notes to Financial Statements* *Year Ended June 30, 2004*

Note 6      Long-Term Debt (Concluded)  
The annual requirements to pay principal and interest on the long-term debt outstanding at June 30, 2004 are as follows:

| <u>Fiscal Years</u> | <u>Annual Requirements</u> |
|---------------------|----------------------------|
| 2005                | \$ 410,109                 |
| 2006                | 467,713                    |
| 2007                | 480,505                    |
| 2008                | 431,915                    |
| 2009                | 197,250                    |
| 2010 and thereafter | <u>2,226,150</u>           |
|                     | <u>\$4,213,642</u>         |

Note 7      Interfund Payables and Receivables  
Such balances at June 30, 2004 were:

|                                      | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|--------------------------------------|---------------------------------|------------------------------|
| General Fund:                        |                                 |                              |
| Budget Stabilization Fund            | \$ 831                          | \$ -                         |
| Water District #1 Construction Fund  | 218,943                         |                              |
| Ida Branch Library Fund              | -                               | 5,269                        |
| Budget Stabilization Fund:           |                                 |                              |
| General Fund                         | -                               | 831                          |
| Water District #1 Debt Fund:         |                                 |                              |
| Water District #1 Construction Fund  | -                               | 462,124                      |
| Water District #1 Construction Fund: |                                 |                              |
| General Fund                         | -                               | 218,943                      |
| Water District #1 Debt Fund          | 462,124                         | -                            |
| Ida Branch Library Fund:             |                                 |                              |
| General Fund                         | <u>5,269</u>                    | <u>-</u>                     |
|                                      | <u>\$687,167</u>                | <u>\$687,167</u>             |

Note 8      Interfund Transfers  
Interfund transfers at June 30, 2004, consisted of the following:

|                                     | <u>Budget<br/>Stabilization<br/>Fund</u> | <u>Transfers Out<br/>Water District<br/>#1Debt<br/>Fund</u> | <u>Total</u>     |
|-------------------------------------|--|---|------------------|
| <u>Transfers In:</u>                |  |   |                  |
| General Fund                        | \$ 99                                    | \$ -  | \$ 99            |
| Water District #1 Construction Fund | <u>-</u>                                 | 462,124   | 462,124          |
|                                     | <u>\$ 99</u>                             | <u>\$462,124</u>  | <u>\$462,223</u> |



# IDA TOWNSHIP

## *Notes to Financial Statements* *Year Ended June 30, 2004*

Note 8      Interfund Transfers (Concluded)

The transfers from the Budget Stabilization Fund to the General Fund represents the return of interest revenue. The transfer from the Water District #1 Debt Fund to the Water District #1 Construction Fund, per the bond agreement, represents the collections of prepaid assessments and December 1, 2003 installments.

Note 9      Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

|                                     | Balance<br>July 1, 2003 | Additions | Deletions | Balance<br>June 30, 2004 |
|-------------------------------------|-------------------------|-----------|-----------|--------------------------|
| Assets not being depreciated:       |                         |           |           |                          |
| Land                                | \$115,188               | \$0       | \$0       | \$115,188                |
| Capital assets being depreciated:   |                         |           |           |                          |
| Land improvements                   | 6,200                   | 0         | 0         | 6,200                    |
| Buildings and building improvements | 771,161                 | 631,725   | 0         | 1,402,886                |
| Machinery and equipment             | 99,948                  | 45,944    | 0         | 145,892                  |
| Vehicles                            | 359,496                 | 0         | 0         | 359,496                  |
| Water line                          | 0                       | 267,045   | 0         | 267,045                  |
| Total capital assets                | 1,351,993               | 944,714   | 0         | 2,296,707                |
| Less accumulated depreciation:      |                         |           |           |                          |
| Land improvements                   | (1,240)                 | (310)     | 0         | (1,550)                  |
| Building and building improvements  | (160,161)               | (30,045)  | 0         | (190,206)                |
| Machinery and equipment             | (86,642)                | (6,615)   | 0         | (93,257)                 |
| Vehicles                            | (309,187)               | (17,135)  | 0         | (326,322)                |
| Total accumulated depreciation      | (557,230)               | (54,105)  | 0         | (611,335)                |
| Net capital assets                  | \$794,763               | \$890,609 | \$0       | \$1,685,372              |

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

|                               |                 |
|-------------------------------|-----------------|
| General government            | \$12,442        |
| Public safety                 | 37,406          |
| Culture and recreation        | <u>4,257</u>    |
| Total governmental activities | <u>\$54,105</u> |

## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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#### Note 10      Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At June 30, 2004, Ida Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers' acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Board has adopted an investment policy authorizing certain types of investments and authorized five depositories: Monroe Bank & Trust, Cadre Financial Services, Inc., National City Bank, Fifth Third Bank, and United Bank.

The carrying amount of deposits is separately displayed on the balance sheet as cash, cash with fiscal agent, and certificates of deposit. The following is a summary of these deposits:

|  | <u>Governmental<br/>Activities</u> | <u>Fiduciary<br/>Funds</u> | <u>Total</u>       |
|--|------------------------------------|----------------------------|--------------------|
| Carrying value of total deposits           | <u>\$3,417,056</u>                 | <u>\$6,743</u>             | <u>\$3,423,799</u> |
| Bank balance of deposits                   |                                    |                            | \$3,423,795        |
| Amount covered by FDIC                     |                                    |                            | <u>341,622</u>     |
| In uninsured and uncollateralized accounts |                                    |                            | <u>\$3,082,173</u> |

#### Note 11      Pension Plan

Ida Township provides pension benefits for all of its employees through a defined contribution plan administered by Municipal Retirement Systems, Inc., which is affiliated with Travelers Insurance Company. The Plan became effective July 1, 1991. The Township contributes 7.65% of the employees' wages, and another 7.65% is withheld from the employees' wages and contributed. The contributions are 100% vested immediately.

## IDA TOWNSHIP

### *Notes to Financial Statements* *Year Ended June 30, 2004*

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Note 11      Pension Plan (Concluded)

The cost for the current fiscal year services was \$10,368 (7.65% of covered payroll) for the Township and the employees, for a total pension contribution for the year of \$20,735. The Township also paid an administrative fee of \$185. The contribution for the year was based on an estimated payroll of \$135,523. The total Township payroll for the fiscal year was \$155,845.

Note 12      Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

## REQUIRED SUPPLEMENTAL INFORMATION

# IDA TOWNSHIP

## General Fund Budgetary Comparison Schedule Year Ended June 30, 2004

|                               | Budgeted Amounts |                | Actual         | Positive<br>(Negative)<br>Budget |
|-------------------------------|------------------|----------------|----------------|----------------------------------|
|                               | Original         | Final          |                |                                  |
| <b>Revenues</b>               |                  |                |                |                                  |
| Taxes and Special Assessments |                  |                |                |                                  |
| Property taxes                | \$109,010        | \$109,010      | \$115,974      | \$6,964                          |
| Special assessments           | 13,000           | 13,000         | 13,816         | 816                              |
|                               | <u>122,010</u>   | <u>122,010</u> | <u>129,790</u> | <u>7,780</u>                     |
| Licenses and Permits          |                  |                |                |                                  |
| Cablevision fees              | 6,000            | 6,000          | 5,125          | (875)                            |
| Business licenses and permits | 4,000            | 4,000          | 6,842          | 2,842                            |
|                               | <u>10,000</u>    | <u>10,000</u>  | <u>11,967</u>  | <u>1,967</u>                     |
| State grants                  | 290,000          | 290,000        | 340,401        | 50,401                           |
| Charges for Services          |                  |                |                |                                  |
| Fire runs                     | 12,000           | 12,000         | 16,600         | 4,600                            |
| Rentals                       | 1,700            | 1,700          | 3,060          | 1,360                            |
| Other                         | 1,600            | 1,600          | 2,290          | 690                              |
|                               | <u>15,300</u>    | <u>15,300</u>  | <u>21,950</u>  | <u>6,650</u>                     |
| Interest                      | 6,000            | 6,000          | 3,295          | (2,705)                          |
| Other revenue                 | 1,150            | 1,150          | 39,439         | 38,289                           |
|                               | <u>444,460</u>   | <u>444,460</u> | <u>546,842</u> | <u>102,382</u>                   |
| <b>Expenditures</b>           |                  |                |                |                                  |
| Legislative                   |                  |                |                |                                  |
| Township board                | 9,000            | 8,750          | 8,621          | 129                              |
| General Government            |                  |                |                |                                  |
| Supervisor                    | 19,500           | 19,750         | 20,226         | (476)                            |
| Assessor                      | 35,000           | 35,000         | 28,369         | 6,631                            |
| Elections                     | 5,000            | 5,000          | 632            | 4,368                            |
| Audit                         | 7,500            | 7,400          | 6,949          | 451                              |
| Attorney                      | 20,000           | 20,000         | 6,505          | 13,495                           |
| Clerk                         | 30,000           | 30,000         | 28,130         | 1,870                            |
| Board of review               | 1,500            | 1,500          | 959            | 541                              |
| General administration        | 60,000           | 60,000         | 47,638         | 12,362                           |
| Treasurer                     | 29,000           | 29,000         | 27,823         | 1,177                            |
| Buildings and grounds         | 60,000           | 60,000         | 29,044         | 30,956                           |
| Cemetery                      | 20,000           | 20,000         | 7,072          | 12,928                           |
|                               | <u>287,500</u>   | <u>287,650</u> | <u>203,347</u> | <u>84,303</u>                    |

# IDA TOWNSHIP

## General Fund Budgetary Comparison Schedule Year Ended June 30, 2004

|  | Budgeted Amounts        |                         | Actual                  | Positive<br>(Negative)<br>Budget |
|--|-------------------------|-------------------------|-------------------------|----------------------------------|
|  | Original                | Final                   |                         |                                  |
| <b>Expenditures (Concluded)</b>                      |                         |                         |                         |                                  |
| Public Safety  |                         |                         |                         |                                  |
| Fire department                                      | \$18,000                | \$18,000                | \$3,999                 | \$14,001                         |
| Planning and zoning                                  | 13,500                  | 13,600                  | 14,271                  | (671)                            |
|  | <u>31,500</u>           | <u>31,600</u>           | <u>18,270</u>           | <u>13,330</u>                    |
| Public Works   |                         |                         |                         |                                  |
| Drains   | 2,700                   | 2,700                   | 7,153                   | (4,453)                          |
| Roads  | 234,000                 | 170,800                 | 56,757                  | 114,043                          |
| Streetlighting                                       | 14,600                  | 14,600                  | 14,389                  | 211                              |
|  | <u>251,300</u>          | <u>188,100</u>          | <u>78,299</u>           | <u>109,801</u>                   |
| Culture and Recreation                               |                         |                         |                         |                                  |
| Parks and recreation                                 | 10,000                  | 10,000                  | 0                       | 10,000                           |
| Library  | 6,000                   | 6,000                   | 40,303                  | (34,303)                         |
|  | <u>16,000</u>           | <u>16,000</u>           | <u>40,303</u>           | <u>(24,303)</u>                  |
| Other  |                         |                         |                         |                                  |
| Pension  | 9,000                   | 23,000                  | 8,596                   | 14,404                           |
| Insurance  | 31,000                  | 36,250                  | 32,245                  | 4,005                            |
| Social security/Medicare                             | 3,000                   | 3,000                   | 1,712                   | 1,288                            |
| Tax Tribunal   | 2,000                   | 2,000                   | 0                       | 2,000                            |
| Capital outlay                                       | 375,000                 | 420,700                 | 350,711                 | 69,989                           |
| Contingency  | 10,000                  | 8,250                   | 0                       | 8,250                            |
|  | <u>430,000</u>          | <u>493,200</u>          | <u>393,264</u>          | <u>99,936</u>                    |
| Total Expenditures                                   | <u>1,025,300</u>        | <u>1,025,300</u>        | <u>742,104</u>          | <u>283,196</u>                   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (580,840)               | (580,840)               | (195,262)               | 385,578                          |
| <b>Other Financing Sources (Uses)</b>                |                         |                         |                         |                                  |
| Operating transfers in                               | 0                       | 0                       | 99                      | 99                               |
| Operating transfers out                              | (92,000)                | (92,000)                | 0                       | 92,000                           |
| Total Other Financing<br>Sources (Uses)              | <u>(92,000)</u>         | <u>(92,000)</u>         | <u>99</u>               | <u>92,099</u>                    |
| <b>Net Change in Fund Balance</b>                    | (672,840)               | (672,840)               | (195,163)               | 477,677                          |
| Fund Balance - Beginning of year                     | <u>800,000</u>          | <u>800,000</u>          | <u>863,879</u>          | <u>63,879</u>                    |
| Fund Balance - End of year                           | <u><u>\$127,160</u></u> | <u><u>\$127,160</u></u> | <u><u>\$668,716</u></u> | <u><u>\$541,556</u></u>          |



# IDA TOWNSHIP

*Ida Branch Library Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|  | Budgeted Amounts |           |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-----------|-----------|---|
|  | Original         | Final     | Actual    |   |
| <b>Revenues</b>                                      |                  |           |           |   |
| Property taxes                                       | \$66,000         | \$66,000  | \$68,321  | \$2,321   |
| Interest   | 1,000            | 1,000     | 1,681     | 681   |
| Other revenue  |                  |           |           |   |
| Contributions  | 1,000            | 1,000     | 18,103    | 17,103  |
| Grants   | 20,000           | 20,000    | 5,000     | (15,000)  |
|  |                  |           |           |   |
| Total Revenues                                       | 88,000           | 88,000    | 93,105    | 5,105   |
|  |                  |           |           |   |
| <b>Expenditures</b>                                  |                  |           |           |   |
| Cultural and recreation                              |                  |           |           |   |
| Capital outlay                                       | 30,000           | 30,000    | 324,689   | 294,689   |
|  |                  |           |           |   |
| Debt service   |                  |           |           |   |
| Principal  | 120,000          | 120,000   | 120,416   | 416   |
| Interest   | 4,000            | 4,000     | 18,958    | 14,958  |
|  | 124,000          | 124,000   | 139,374   | 15,374  |
|  |                  |           |           |   |
| Total Expenditures                                   | 154,000          | 154,000   | 464,063   | (310,063)   |
|  |                  |           |           |   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (66,000)         | (66,000)  | (370,958) | (304,958)   |
|  |                  |           |           |   |
| <b>Other Financing Sources</b>                       |                  |           |           |   |
| Operating transfers in                               | 75,000           | 75,000    | 0         | (75,000)  |
|  |                  |           |           |   |
| <b>Net Change in Fund Balance</b>                    | 9,000            | 9,000     | (370,958) | (379,958)   |
|  |                  |           |           |   |
| Fund Balance - Beginning of year                     | 421,662          | 421,662   | 424,543   | 2,881   |
|  |                  |           |           |   |
| Fund Balance - End of year                           | \$430,662        | \$430,662 | \$53,585  | (\$377,077)   |

**IDA TOWNSHIP**

*Water District #1 Debt Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*

*Year Ended June 30, 2004*

|  | Actual      |
|--|-------------|
| <b>Revenues</b>                                      |             |
| Special assessments                                  | \$584,169   |
| Interest   | 12,338      |
| Other revenue  | 3,500       |
|  | <hr/>       |
| Total Revenues                                       | 600,007     |
| <b>Expenditures</b>                                  |             |
| Public works   | 0           |
| Debt service   |             |
| Principal  | 0           |
| Interest   | 0           |
| Miscellaneous  | 9           |
|  | <hr/>       |
| Total Expenditures                                   | 9           |
|  | <hr/>       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 599,998     |
|  | <hr/>       |
| <b>Other Financing Uses</b>                          |             |
| Operating transfers out                              | (462,124)   |
|  | <hr/>       |
| <b>Net Change in Fund Balance</b>                    | 137,874     |
|  | <hr/>       |
| Fund Balance - Beginning of year                     | 0           |
|  | <hr/>       |
| Fund Balance - End of year                           | \$137,874   |
|  | <hr/> <hr/> |

**IDA TOWNSHIP***Statement of Revenues, Expenditures, and Changes in Fund Balance  
Water District #1 Construction Fund**Year Ended June 30, 2004*

|  | Actual      |
|--|-------------|
| <b>Revenues</b>                                      |             |
| Interest   | \$43        |
| Other revenue  | 1,285       |
| Total Revenues                                       | 1,328       |
| <b>Expenditures</b>                                  |             |
| Capital outlay                                       |             |
| Construction   | 218,353     |
| Bond expenses  | 47,686      |
| Miscellaneous  | 1,005       |
| Total Expenditures                                   | 267,044     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (265,716)   |
| <b>Other Financing Sources</b>                       |             |
| Proceeds from sale of bonds                          | 2,155,000   |
| Operating transfers in                               | 462,124     |
| Total Other Financing Sources                        | 2,617,124   |
| <b>Net Change in Fund Balance</b>                    | 2,351,408   |
| Fund Balance - Beginning of year                     | 0           |
| Fund Balance - End of year                           | \$2,351,408 |

## OTHER SUPPLEMENTAL INFORMATION

# IDA TOWNSHIP

## Nonmajor Governmental Funds Combining Balance Sheet June 30, 2004

|  | Special Revenue Funds |                  |                       |
|--|-----------------------|------------------|-----------------------|
|  | Liquor Law            | Sewer Receiving  | Improvement Revolving |
| <b>Assets</b>                              |                       |                  |                       |
| Cash and cash equivalents                  | \$992                 | \$47,142         | \$63,815              |
| Cash with fiscal agent                     | 0                     | 12,763           | 0                     |
| Accounts receivable                        | 0                     | 51,689           | 0                     |
| Sewer tap receivable                       | 0                     | 64,098           | 0                     |
| Prepaid expenses                           | 308                   | 0                | 0                     |
| Total Assets                               | <u>\$1,300</u>        | <u>\$175,692</u> | <u>\$63,815</u>       |
| <b>Total Liabilities and Fund Balances</b> |                       |                  |                       |
| <b>Liabilities</b>                         |                       |                  |                       |
| Due to other funds                         | \$0                   | \$0              | \$0                   |
| Deferred revenue                           | 0                     | 49,208           | 0                     |
| Total Liabilities                          | 0                     | 49,208           | 0                     |
| <b>Fund Balances</b>                       |                       |                  |                       |
| Reserved for sludge removal                | 0                     | 8,616            | 0                     |
| Unreserved                                 | 1,300                 | 117,868          | 63,815                |
| Total Fund Balances                        | <u>1,300</u>          | <u>126,484</u>   | <u>63,815</u>         |
| Total Liabilities and Fund Balances        | <u>\$1,300</u>        | <u>\$175,692</u> | <u>\$63,815</u>       |

|                        |                         | Capital<br>Projects Fund   |   |
|------------------------|-------------------------|----------------------------|---|
| Building<br>Department | Budget<br>Stabilization | Fire Department<br>Millage | Total Nonmajor<br>Governmental<br>Funds |
| \$15,419               | \$22,831                | \$181,508                  | \$331,707                               |
| 0                      | 0                       | 0                          | 12,763                                  |
| 0                      | 0                       | 0                          | 51,689                                  |
| 0                      | 0                       | 0                          | 64,098                                  |
| 2,737                  | 0                       | 0                          | 3,045                                   |
| <u>\$18,156</u>        | <u>\$22,831</u>         | <u>\$181,508</u>           | <u>\$463,302</u>                        |
|                        |                         |                            |   |
| \$0                    | \$831                   | \$0                        | \$831                                   |
| 0                      | 0                       | 0                          | 49,208                                  |
| 0                      | 831                     | 0                          | 50,039                                  |
| 0                      | 0                       | 0                          | 8,616                                   |
| 18,156                 | 22,000                  | 181,508                    | 404,647                                 |
| 18,156                 | 22,000                  | 181,508                    | 413,263                                 |
| <u>\$18,156</u>        | <u>\$22,831</u>         | <u>\$181,508</u>           | <u>\$463,302</u>                        |

# IDA TOWNSHIP

*Nonmajor Governmental Funds*  
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Year Ended June 30, 2004*

|   | Special Revenue Funds |                  |                       |
|---|-----------------------|------------------|-----------------------|
|   | Liquor Law            | Sewer Receiving  | Improvement Revolving |
| <b>Revenues</b>                                   |                       |                  |                       |
| Property taxes                                    | \$0                   | \$0              | \$0                   |
| Licenses and permits                              | 0                     | 0                | 0                     |
| State grants                                      | 2,273                 | 0                | 0                     |
| Charges for services                              | 0                     | 187,655          | 0                     |
| Interest  | 0                     | 9,625            | 354                   |
| Total Revenues                                    | 2,273                 | 197,280          | 354                   |
| <b>Expenditures</b>                               |                       |                  |                       |
| Public safety                                     | 2,208                 | 0                | 47,190                |
| Public works                                      | 0                     | 33,214           | 0                     |
| Debt service                                      | 0                     | 162,951          | 0                     |
| Total Expenditures                                | 2,208                 | 196,165          | 47,190                |
| Excess (Deficiency) of Revenues Over Expenditures | 65                    | 1,115            | (46,836)              |
| <b>Other Financing Sources (Uses)</b>             |                       |                  |                       |
| Operating transfers out                           | 0                     | 0                | 0                     |
| <b>Net Change in Fund Balances</b>                | 65                    | 1,115            | (46,836)              |
| Fund Balances - Beginning of year                 | 1,235                 | 125,369          | 110,651               |
| Fund Balances - End of year                       | <u>\$1,300</u>        | <u>\$126,484</u> | <u>\$63,815</u>       |

|                        |                         | Capital<br>Projects Fund   |   |
|------------------------|-------------------------|----------------------------|---|
| Building<br>Department | Budget<br>Stabilization | Fire Department<br>Millage | Total Nonmajor<br>Governmental<br>Funds |
| \$0                    | \$0                     | \$68,321                   | \$68,321                                |
| 42,787                 | 0                       | 0                          | 42,787                                  |
| 0                      | 0                       | 0                          | 2,273                                   |
| 0                      | 0                       | 0                          | 187,655                                 |
| 0                      | 99                      | 767                        | 10,845                                  |
| 42,787                 | 99                      | 69,088                     | 311,881                                 |
| 46,744                 | 0                       | 55,830                     | 151,972                                 |
| 0                      | 0                       | 0                          | 33,214                                  |
| 0                      | 0                       | 0                          | 162,951                                 |
| 46,744                 | 0                       | 55,830                     | 348,137                                 |
| (3,957)                | 99                      | 13,258                     | (36,256)                                |
| 0                      | (99)                    | 0                          | (99)                                    |
| (3,957)                | 0                       | 13,258                     | (36,355)                                |
| 22,113                 | 22,000                  | 168,250                    | 449,618                                 |
| \$18,156               | \$22,000                | \$181,508                  | \$413,263                               |



# IDA TOWNSHIP

*Liquor Law Enforcement Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|  | Budgeted Amounts |             |                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|----------------|---|
|  | Original         | Final       | Actual         |   |
| <b>Revenues</b>                                      |                  |             |                |   |
| State grants   |                  |             |                |   |
| Liquor license fees                                  | \$1,700          | \$1,700     | \$2,273        | \$573   |
| Other revenue  | 50               | 50          | 0              | (50)  |
| Total Revenues                                       | 1,750            | 1,750       | 2,273          | 523   |
| <b>Expenditures</b>                                  |                  |             |                |   |
| Public safety  |                  |             |                |   |
| Liquor inspection                                    | 2,500            | 2,500       | 2,208          | 292   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (750)            | (750)       | 65             | 815   |
| <b>Other Financing Sources</b>                       |                  |             |                |   |
| Operating transfers in                               | 800              | 800         | 0              | (800)   |
| <b>Net Change in Fund Balance</b>                    | 50               | 50          | 65             | 15  |
| Fund Balance - Beginning of year                     | 0                | 0           | 1,235          | 1,235   |
| Fund Balance - End of year                           | <u>\$50</u>      | <u>\$50</u> | <u>\$1,300</u> | <u>\$1,250</u>  |

# IDA TOWNSHIP

*Sewer Receiving Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|  | Budgeted Amounts |                 |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-----------------|------------------|---|
|  | Original         | Final           | Actual           |   |
| <b>Revenues</b>                                      |                  |                 |                  |   |
| Charges for services                                 |                  |                 |                  |   |
| Maintenance fees                                     | \$18,000         | \$18,000        | \$25,399         | \$7,399   |
| Tap-in fees  | 13,000           | 13,000          | 14,519           | 1,519   |
| Debt service fees                                    | 130,000          | 130,000         | 147,737          | 17,737  |
|  | <u>161,000</u>   | <u>161,000</u>  | <u>187,655</u>   | <u>26,655</u>   |
| Interest   | <u>8,000</u>     | <u>8,000</u>    | <u>9,625</u>     | <u>1,625</u>  |
| Total Revenues                                       | <u>169,000</u>   | <u>169,000</u>  | <u>197,280</u>   | <u>28,280</u>   |
| <b>Expenditures</b>                                  |                  |                 |                  |   |
| Public works   |                  |                 |                  |   |
| Sewer maintenance                                    | 33,300           | 33,300          | 33,214           | 86  |
| Debt service   |                  |                 |                  |   |
| Principal  | 125,000          | 125,000         | 129,240          | (4,240)   |
| Interest   | 47,000           | 47,000          | 33,711           | 13,289  |
|  | <u>172,000</u>   | <u>172,000</u>  | <u>162,951</u>   | <u>9,049</u>  |
| Total Expenditures                                   | <u>205,300</u>   | <u>205,300</u>  | <u>196,165</u>   | <u>9,135</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (36,300)         | (36,300)        | 1,115            | 37,415  |
| <b>Other Financing Sources</b>                       |                  |                 |                  |   |
| Operating transfers in                               | <u>1,000</u>     | <u>1,000</u>    | <u>0</u>         | <u>(1,000)</u>  |
| <b>Net Change in Fund Balance</b>                    | <u>(35,300)</u>  | <u>(35,300)</u> | <u>1,115</u>     | <u>36,415</u>   |
| Fund Balance - Beginning of year                     | <u>35,570</u>    | <u>35,570</u>   | <u>125,369</u>   | <u>89,799</u>   |
| Fund Balance - End of year                           | <u>\$270</u>     | <u>\$270</u>    | <u>\$126,484</u> | <u>\$126,214</u>  |

**IDA TOWNSHIP**

*Improvement Revolving Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|                                   | <u>Budgeted Amounts</u> |                  |                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------------|------------------|-----------------|---|
|                                   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>   |   |
| <b>Revenues</b>                   |                         |                  |                 |   |
| Interest                          | \$750                   | \$750            | \$354           | (\$396)   |
| <b>Expenditures</b>               |                         |                  |                 |   |
| Public safety                     |                         |                  |                 |   |
| Capital outlay                    | <u>0</u>                | <u>0</u>         | <u>47,190</u>   | <u>(47,190)</u>   |
| <b>Net Change in Fund Balance</b> | 750                     | 750              | (46,836)        | (47,586)  |
| Fund Balance - Beginning of year  | <u>110,589</u>          | <u>110,589</u>   | <u>110,651</u>  | <u>62</u>   |
| Fund Balance - End of year        | <u>\$111,339</u>        | <u>\$111,339</u> | <u>\$63,815</u> | <u>(\$47,524)</u>                                       |

**IDA TOWNSHIP**

*Building Department Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|                                   | Budgeted Amounts |          |          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|------------------|----------|----------|---|
|                                   | Original         | Final    | Actual   |   |
| <b>Revenues</b>                   |                  |          |          |   |
| Non-business licenses and permits | \$42,000         | \$42,000 | \$42,787 | \$787   |
| Interest                          | 350              | 350      | 0        | (350)   |
| Total Revenues                    | 42,350           | 42,350   | 42,787   | 437   |
| <b>Expenditures</b>               |                  |          |          |   |
| Public safety                     |                  |          |          |   |
| Building inspector                | 50,000           | 50,000   | 46,744   | 3,256   |
| <b>Net Change in Fund Balance</b> | (7,650)          | (7,650)  | (3,957)  | (2,819)   |
| Fund Balance - Beginning of year  | 7,650            | 7,650    | 22,113   | 14,463  |
| Fund Balance - End of year        | \$0              | \$0      | \$18,156 | \$11,644  |

**IDA TOWNSHIP**

*Budget Stabilization Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|   | <u>Budgeted Amounts</u> |                        |                        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|------------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>           | <u>Actual</u>          |   |
| <b>Revenues</b>                                     |                         |                        |                        |   |
| Interest  | \$200                   | \$200                  | \$99                   | (\$101)   |
| <b>Expenditures</b>                                 | <u>0</u>                | <u>0</u>               | <u>0</u>               | <u>0</u>  |
| Excess (Deficiency) of Revenue<br>Over Expenditures | 200                     | 200                    | 99                     | (101)   |
| <b>Other Financing Uses</b>                         |                         |                        |                        |   |
| Operating transfers out                             | <u>(200)</u>            | <u>(200)</u>           | <u>(99)</u>            | <u>101</u>  |
| <b>Net Change in Fund Balance</b>                   | 0                       | 0                      | 0                      | 0   |
| Fund Balance - Beginning of year                    | <u>22,000</u>           | <u>22,000</u>          | <u>22,000</u>          | <u>0</u>  |
| Fund Balance - End of year                          | <u><u>\$22,000</u></u>  | <u><u>\$22,000</u></u> | <u><u>\$22,000</u></u> | <u><u>\$0</u></u>                                       |

# IDA TOWNSHIP

*Fire Department Millage Fund*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Budget and Actual*  
*Year Ended June 30, 2004*

|  | Budgeted Amounts |                |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------------|------------------|---|
|  | Original         | Final          | Actual           |   |
| <b>Revenues</b>                                      |                  |                |                  |   |
| Property taxes                                       | \$65,500         | \$65,500       | \$68,321         | \$2,821   |
| Interest   | 400              | 400            | 767              | 367   |
| Total Revenues                                       | 65,900           | 65,900         | 69,088           | 3,188   |
| <b>Expenditures</b>                                  |                  |                |                  |   |
| Public safety  |                  |                |                  |   |
| Other  | 15,650           | 16,150         | 27,786           | (11,636)  |
| Repairs and maintenance                              | 16,000           | 16,000         | 16,268           | (268)   |
| Capital outlay                                       | 31,250           | 31,250         | 11,776           | 19,474  |
| Total Expenditures                                   | 62,900           | 63,400         | 55,830           | 7,570   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 3,000            | 2,500          | 13,258           | 10,758  |
| <b>Other Financing Sources</b>                       |                  |                |                  |   |
| Operating transfers in                               | 5,000            | 5,000          | 0                | (5,000)   |
| <b>Net Change in Fund Balance</b>                    | 8,000            | 7,500          | 13,258           | 5,758   |
| Fund Balance - Beginning of year                     | 0                | 0              | 168,250          | 168,250   |
| Fund Balance - End of year                           | <u>\$8,000</u>   | <u>\$7,500</u> | <u>\$181,508</u> | <u>\$174,008</u>  |

**IDA TOWNSHIP**

*Agency Fund*

*Statement of Changes in Assets and Liabilities*  
*June 30, 2004*

|                                 | Balance<br>July 1, 2003 | Additions   | Deductions  | Balance<br>June 30, 2004 |
|---------------------------------|-------------------------|-------------|-------------|--------------------------|
| <b>ASSETS</b>                   |                         |             |             |                          |
| Cash                            | \$4,171                 | \$6,191,113 | \$6,188,541 | \$6,743                  |
| <b>LIABILITIES</b>              |                         |             |             |                          |
| Due to other governmental units | \$4,171                 | \$2,938,350 | \$2,935,778 | \$6,743                  |



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Township Board  
Ida Township  
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the financial statements of Ida Township for the fiscal year ended June 30, 2004, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. During the course of our audit, we noted certain practices and procedures which we believe could be changed to improve existing internal controls, accounting procedures and records, and other matters.

Our comments on these items are set forth herein for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore, do not encompass all matters that might result from special studies directed toward such matters.

Budgets

As required by Act 621, P.A. of 1978, we reviewed the Township's budgets for compliance with this budget law. For the fiscal year ended June 30, 2004, the budgets were not sufficiently amended for changes that occurred during the year. Therefore, the Township's expenditures exceeded appropriations in some areas as indicated in the financial statements.

Water District #1

During the fiscal year, the Township collected special assessments for the newly established Water District #1. The Township purchased software to maintain a subsidiary ledger for the water district. A subsidiary ledger reflects the individual's that were assessed, the prepayments, and the tax collection for each assessed parcel in the water district. An updated subsidiary ledger will provide the Township with an accurate and current payoff amount for each parcel. As of June 30, 2004, the Township has not recorded the activity to the software. For timely and accurate information, we suggest that the Township record the transactions in the water district subsidiary ledger software



Township Board  
Ida Township

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We wish to express our appreciation for the continuing cooperation and courtesy extended to us by all officers and employees of the Township. We would be pleased to discuss any of these recommendations with you and to provide any assistance that you may require in their implementation.

Very truly yours,

*Cooley Hehl Wodlgamuth + Carlton*

July 20, 2004